I

110TH CONGRESS
2D SESSION

H. R. 7238

To provide a tax credit for qualified energy storage air conditioner property.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2008

Mr. THOMPSON of California (for himself and Mr. HERGER) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To provide a tax credit for qualified energy storage air conditioner property.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CREDIT FOR QUALIFIED ENERGY STORAGE AIR CONDITIONER PROPERTY INSTALLED IN A PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subsection (a) of section 25D of the Internal Revenue Code of 1986 is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) 30 percent of the qualified energy storage air conditioner property expenditures made by the taxpayer during such year.''.

(b) QUALIFIED ENERGY STORAGE AIR CONDITIONER PROPERTY EXPENDITURE.—Section 25D(d) of such Code is amended by adding at the end the following new paragraph:

''(4) QUALIFIED ENERGY STORAGE AIR CONDITIONER PROPERTY EXPENDITURE.—The term 'qualified energy storage air conditioner property expenditure' means an expenditure for qualified energy storage air conditioner property (as defined in section 48(d)) installed on or in connection with a dwelling unit located in the United States and used as a principal residence (within the meaning of section 121) by the taxpayer.''.

(c) MODIFICATION OF MAXIMUM CREDIT.—

(1) IN GENERAL.—Paragraph (1) of section 25D(b) of such Code is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) $500 with respect to each half kilowatt of peak demand reduction (as defined in

section 48(d)) of qualified energy storage air conditioner property (as defined in section 48(d)) for which qualified energy storage air conditioner expenditures are made.''.

(2) CONFORMING AMENDMENTS.—Subparagraph (A) of section 25D(e)(4) of such Code is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) $1,667 in the case of each half kilowatt of peak demand reduction (as defined in section 48(d)) of qualified energy storage air conditioner property (as defined in section 48(d)) for which qualified energy storage air conditioner expenditures are made.''.

(d) EXTENSION OF CREDIT.—Subsection (f) of section 25D of such Code is amended by inserting ''(December 31, 2014, in the case of qualified energy storage air conditioner property (ad defined in section 48(d))'' before the period at the end.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 2. BUSINESS CREDIT FOR QUALIFIED ENERGY STORAGE AIR CONDITIONER PROPERTY.

(a) IN GENERAL.—Subparagraph (A) of section 48(a)(3) of the Internal Revenue Code of 1986 is amended by deleting ''or'' at the end of clause (iii), by inserting ''or'' at the end of clause (iv), and by inserting clause (iv) the following new clause:

''(v) qualified energy storage air conditioner property but only with respect to periods ending before January 1, 2015,''.

(b) 30 PERCENT CREDIT.—Clause (i) of section 48(a)(2)(A) of such Code is amended by striking ''and'' at the end of subclause (II) and by inserting after subclause (III) the following new subclause:

''(IV) qualified energy storage air conditioner property, and''.

(c) QUALIFIED ENERGY STORAGE AIR CONDITIONER PROPERTY.—Section 48 of such Code is amended by adding at the end the following new subsection:

''(d) QUALIFIED ENERGY STORAGE AIR CONDITIONER PROPERTY.—For the purposes of this section—

''(1) IN GENERAL.—The term 'qualified energy storage air conditioner property' means a cooling system which—

''(A) consists of thermal storage or ice storage components which create, store, and

supply cooling energy to reduce peak electricity demand by displacing the daytime peak electrical demand of conventional mechanical cooling equipment,

"(B) has a nameplate operational capability to deliver a minimum of 29,000 Btu and a maximum of 240,000 Btu of cooling capacity,

"(C) is designed to deliver such cooling capacity for a minimum continuous period of 3 hours, available daily from May 1 through September 30, coincident with daytime peak load periods,

"(D) is designed so as to reduce peak kilowatt demand by 90 percent for the cooling load served, and

"(E) is designed so as not to exceed the 24 hour energy consumption of conventional cooling equipment by more than 10 percent.

"(2) INCLUSION OF RELATED EQUIPMENT.—Such term shall include any secondary components which integrate the cooling system described in paragraph (1) with the conventional cooling system, including equipment and controls for measuring and reporting operation and performance, but shall not

include any portion of the conventional cooling system.

''(3) LIMITATION.—

''(A) IN GENERAL.—In the case of qualified energy storage air conditioner property placed in service during the taxable year, the credit otherwise determined under this section for such year with respect to such property shall not exceed an amount equal to $500 for each 0.5 kilowatt of peak demand reduction of such property.

''(B) PEAK DEMAND REDUCTION.—For purposes of this subsection, the term 'peak demand reduction' means the removal of electrical demand (kW) on the utility grid system during the daily time period of high electrical demand. The peak demand reduction shall be determined based on Energy Efficiency Ratio (EER) standards for residential and commercial air conditioning equipment, established under the Energy Policy and Conservation Act of 1975.''.

(d) EFFECTIVE DATE.—The amendments made by this Act shall apply to taxable years beginning after December 31, 2008.

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